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UNCLAS SECTION 01 OF 02 MANILA 004693

SIPDIS

SENSITIVE

DEPT FOR EAP/MTS, EAP/MLS, INR/EAP, INR/B, EB

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [KCOR](#) [ECON](#) [RP](#)

SUBJECT: KEY FIGURE IN GRP FIGHT AGAINST CORRUPTION
ANNOUNCES RESIGNATION

REF: A. MANILA 0740

[B](#). MANILA 0234

[C](#). 04 MANILA 4019

[1](#)1. (U) This message is Sensitive But Unclassified -- Please handle accordingly.

[1](#)2. (SBU) Summary: On September 30, GRP Ombudsman Simeon Marcelo announced that he would resign effective November 30 due to health reasons. Marcelo is widely respected as a highly effective anti-corruption crusader and Malacanang will be hard-pressed to find a worthy successor. A high-powered lawyer and a judge have emerged as possible successors. Marcelo has worked very closely with the USG and his presence will be missed. End Summary.

[1](#)3. (U) Ombudsman to Leave Post: Philippine Government Ombudsman Simeon Marcelo announced on September 30 that he would resign his post, effective November 30. (Note: The Office of the Ombudsman is an independent government body charged with ensuring the integrity of government functions. End Note.) He stated that the seven-day workweek he had sustained since assuming the post in 2002 had left him "physically and mentally exhausted." The 51-year-old Marcelo reportedly suffers from ulcers, hypertension, and insomnia. At the time his resignation is slated to take effect, Marcelo will be three years into his seven-year term, which was supposed to run until October 2009. Marcelo is widely respected as a man of integrity and as a highly effective anti-corruption crusader. Malacanang reluctantly accepted the resignation "with profound regret." Several senators and press commentators also lamented his departure, calling him a selfless, honorable public servant.

[1](#)4. (SBU) Successor Mulled Over: Speculation about Marcelo's successor centers on two candidates reportedly backed by powerful factions within Malacanang. Some observers have suggested that Raul Angangco, a name partner at the Villaraza & Angangco law firm, may be next in line for the Ombudsman's office. The law office, known as "The Firm," has long enjoyed a close relationship with the Arroyo family (see ref c). (Note: Secretary of Defense Avelino Cruz was formerly a partner with this firm. Marcelo also had served as a senior partner at Villaraza & Angangco before joining the GRP. End Note.) Another possible candidate for the job is Sandiganbayan (Anti-Graft Court) Associate Justice Diosdado Peralto, who is reportedly backed by Carlos and Erlinda de Leon. Carlos de Leon is a former Quezon City prosecutor who now serves as a presidential assistant. His wife, Erlinda de Leon, a cousin of President Arroyo's, is also a personal assistant to the President. Despite speculation that Peralto or Angangco may succeed him, Marcelo has indicated that he favors his protege, Deputy Ombudsman for Luzon Vic Fernandez, as a possible successor. Fernandez, however, is not considered the most likely candidate to emerge from the jockeying.

[1](#)5. (U) Background on Marcelo: After graduating in the top ten in his class at the University of the Philippines School of Law in 1979, Marcelo entered private practice. He worked his way up to senior partner at the law firm Villaraza & Cruz (later Villaraza & Angangco), where he specialized in intra-corporate disputes, bank fraud, corporate restructuring and election law. Marcelo gained national notoriety when he presented star witness Ilocos Sur Governor Luis "Chavit" Singson at the impeachment trial of then-President Joseph Estrada. In February 2001, he was appointed Solicitor General, where he vigorously pursued plunder cases against cronies of former president Ferdinand Marcos. In October 2002, President Arroyo appointed Marcelo to the post of Ombudsman. During his three years in the post, he has overhauled the Ombudsman's office and oversaw a threefold increase in the conviction rate of corrupt officials. He also fought hard to increase funding for the Office of the Ombudsman (ref a).

[1](#)6. (SBU) Comment: The USG has worked with Marcelo on a wide variety of anti-corruption projects and his presence will be missed. Some observers have publicly asserted that Marcelo's resignation stemmed from disagreements with other

GRP officials or from being fed up with official corruption in the government. However, we have no reason to doubt his claims that the job has taken a toll on his health. Marcelo mentioned his declining health during several previous meetings with emboffs and his work schedule (seven days a week and 13-plus hours a day) was, indeed, severe. In any case, Marcelo's departure is widely seen as a blow to the Arroyo administration, one which its opponents may seek to capitalize on by claiming that anti-graft efforts are flagging. Arroyo's challenge will be to find a worthy successor.